## Message Text

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DEPT ALSO PASS AID

E.O. 11652: N/A

SUBJECT: MEETING WITH SADAT--HUMPHREY AMENDMENT

1. IN COURSE OF MY MEETING WITH PRESIDENT SADAT AND VP MUBARAK IN ALEXANDRIA, AUGUST 20, I REMINDED THE PRESIDENT THAT SENATOR STONE HAD SOME TWO MONTHS AGO MENTIONED TO HIM THE INTER-AGENCY STUDY THAT IS PROPOSED FOR THE AID PROGRAM TO EGYPT UNDER THE HUMPHREY AMENDMENT. I TOLD HIM THAT THE LEGISLATION HAS NOW BEEN PASSED AND THAT WE ARE GEARING OURSELVES UP TO CONDUCT AN IN-DEPTH STUDY OF OUR AID FOR EGYPT. THIS STUDY WILL SHORTLY GET UNDERWAY AND WILL INVOLVE NOT ONLY OFFICIALS FROM VARIOUS DEPARTMENTS OF THE EXECUTIVE BRANCH, BUT PROBABLY ALSO CONSULTANTS. WE WILL, OF COURSE, ALSO WANT TO ASCERTAIN THE VIEWS OF EGYPTIAN ECONOMISTS AND GOE OFFICIALS.

2. THE HUMPHREY AMENDMENT, I POINTED OUT, REFLECTS SOME CONCERN IN THE CONGRESS THAT OUR AID PROGRAM IN EGYPT MAY NOT BE AS EFFECTIVE AS IT COULD BE. SPECIFICALLY, THE STUDY WILL SEEK TO ASCERTAIN IF IT IS IN FACT ACHIEVING ITS OBJECTIVES; IF IT IS ADEQUATELY MEETING THE NEEDS OF THE POOR AND NEEDY; WHAT MIGHT BE LIMITED OFFICIAL USE

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DONE TO ENCOURAGE THE PRIVATE SECTOR; HOW MIGHT THE PROGRAM BE RESTRUCTURED IN THE YEARS AHEAD BETTER TO MEET EGYPT'S DEVELOPMENT REQUIREMENTS, ETC. ONCE COMPLETED, THE STUDY MAY BE EXPECTED TO HELP SHARE OUR AID PLANNING IN THE YEAR AHEAD. HENCE, WE CONSIDER IT ESSENTIAL THAT WE WORK CLOSELY WITH OUR EGYPTIAN COLLEAGUES ON THIS MATTER.

- 3. AID DIRECTOR AND I WOULD SHORTLY BE DISCUSSING SUBJECT WITH DEPUTY PRIMIN QAYSUNI TO SOLICIT LATTER'S SUPPORT IN OBTAINING ASAP A COPY OF THE NEWLY COMPLETED FIVE-YEAR PLAN AND ACCESS TO IBRD, IMF AND DR. MUELLER'S REPORTS. I WANTED THE PRESIDENT TO KNOW ABOUT THIS STUDY AND ITS PURPOSES AND HOPED HE TOO WOULD GIVE IT HIS SUPPORT.
- 4. SADAT, WHILE SOMEWHAT VAGUE ON THE STUDY,
  SAID HE WARMLY WELCOMED SUCH A STUDY. AS WE KNEW,
  HE IS MOST APPRECIATIVE OF USG ASSISTANCE, ALTHOUGH HE
  HAD CANDIDLY TO ADMIT THAT IT SOMETIMES FAILED TO MEET
  GOE REQUIREMENTS. HE WAS ESPECIALLY CONCERNED ABOUT HOW
  SLOWLY PROGRAM IS MOVING, BUT ADMITTED THAT PERHAPS GOE
  SIDE SHARES RESPONSIBILITY FOR THIS SHORTCOMING. OUR
  REGULATIONS, HE NOTED, ARE AS COMPLICATED AS ARE THOSE
  OF EGYPT AND HE SOMETIMES THOUGHT EVEN MORE SO. I TOLD
  HIM THAT THE PROGRAM IS MOVING AS QUICKLY AS SOUND
  PLANNING PERMITS AND THAT GOVERNOR GILLIGAN, WHOM HE
  HAD MET, IS ATTEMPTING TO STREAMLINE SOME OF AID'S
  OPERATIONAL PROCEDURES.
- 5. ALLUDING TO ENCOURAGING THE PRIVATE SECTOR, SADAT SAID HE WOULD LIKE THE PRIVATE SECTOR TO ASSUME A GREATER ROLE IN THE EGYPTIAN ECONOMY. ANYTHING THAT WE MIGHT BE ABLE TO DO TO ENABLE IT LIMITED OFFICIAL USE

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TO DO SO WOULD BE HELPFUL. I TOOK THE OCCASION TO SUGGEST IT MIGHT BE USEFUL IF HE MADE HIS VIEWS ON THE SUBJECT KNOWN TO HIS MINISTERS WITH INSTRUCTIONS TO GET THE WORD DOWN THROUGH THE BUREAURACRACY. SADAT SAID HE WOULD DO SO.

6. SADAT ALSO ASKED THAT I INFORM THE
PRIMIN OF THE PROPOSED STUDY. ADDITIONALLY, HE THOUGHT
IT WOULD BE USEFUL IF WE CONSULTED WITH MINPLANNING
ABDEL MEGUID. TOLD HIM I INTENDED ADVISE PRIMIN, WHEN
I NEXT MEET HIM (MEETING NOW FIXED FOR COMING WEDNESDAY
AT 1230 LOCAL). ABDEL MEGUID WILL CERTAINLY ALSO BE CONSULTED, AS
WILL OTHER CONCERNED EGYPTIAN MINISTERS. THE PRESIDENT
ASSURED ME HE WILL BE PLEASED TO GIVE SUCH SUPPORT TO
THE STUDY AS WE REQUIRE.
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